



OFFICE OF  
CHIEF COUNSEL

DEPARTMENT OF THE TREASURY  
INTERNAL REVENUE SERVICE  
WASHINGTON, D.C. 20224

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MEMORANDUM FOR DIRECTOR, OFFICE OF INTEREST AND PENALTY  
ADMINISTRATION  
Attn: Cathy Wides

FROM: David B. Auclair  
Senior Technician Reviewer, Branch 1  
Income Tax and Accounting Division

SUBJECT: Processing Returned Refund Checks

This is our final response regarding the proper treatment of returned refund checks relating to interest abated under § 6404(h) of the Internal Revenue Code.

We were asked to comment on the legality of TEBB No. 99122, which addresses how to process refund checks returned by taxpayers, who were located in presidentially declared disaster areas and were granted extensions to file and pay under §§ 6081 and 6161 (but were unaffected by the disaster). TEBB No. 99122 provides for: (1) posting the credit back to the account; (2) inputting an adjustment to reverse the previous adjustment (the taxpayer's account is restored to its pre-abatement status); and (3) sending a letter to the taxpayer that acknowledges receipt of the refund check.

In our June 3, 1999, response, we concluded that because no Code provision prescribes the treatment of a returned refund check, the question of how to treat a returned refund check is not a legal matter, but a business decision. Later, in a memorandum dated July 20, 1999, we revoked our previous response.

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If you have questions regarding this memorandum, please contact  
Sara P. Shepherd at (202) 622-4910.

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